



Washington Health Benefit Exchange

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WHY CONSIDER A BUSINESS ENTITY

- BE becomes a mechanism for producers to have one stop access to all carriers products in the Exchange.
- Mirror commissions outside the Exchange.
- Both Oregon and California have adopted the BE model.



EXCHANGE AS BUSINESS ENTITY IN WASHINGTON

- Statute defines the Washington exchange as a “self-sustaining public-private partnership separate and distinct from the state...
- RCW 43.71.020. RCW 48.71.030, Washington exchange can, among other things, sue and be sued, employ, contract, and complete other duties necessary to begin open enrollment in qualified health plans
- RCW 48.17.010(2) defines a “business entity” eligible for an entity producer license as a “corporation, association, partnership, limited liability company, limited partnership, or other legal entity



BECOMING A BUSINESS ENTITY

- The HBE would need a FEIN number from the IRS and at least one licensed producer who will be affiliated to the licensed Business Entity.
- This person (known as the designated responsible licensed person, or DRLP) will be responsible for the HBE's compliance with the insurance laws and regulations
- The Exchange becomes a producer of each participating issuer, eligible to become the single commission payee for all Exchange business for each participating issuer.



BECOMING A BUSINESS ENTITY

- Once the BE license has been issued, and the DRLP has been affiliated, the HBE will need to have carriers with health plans inside the Exchange file an appointment for the HBE.
- Once the HBE have been licensed, has DRLP and the appointments are in place, the HBE may begin to affiliate other licensed producers to it's BE license. This allows those affiliated producers to work through the HBE's appointments
- The Exchange will develop a network of affiliated agents covering all areas of Washington, and who can provide professional insurance advice and services for both SHOP and Individual Exchange consumers.



PRODUCER NETWORK

- The Exchange will affiliate with agents in Washington who meet the minimum criteria established by the Exchange.
- Agent production standards may be developed.



PRODUCER COMMISSIONS

- The Exchange will collect commissions from participating carriers for the business written through the Exchange by affiliated agents.
- The Exchange will pass through the commissions paid by carriers to the agents. Commissions will be based on the standard commission levels paid by participating carriers for small employer and individual lines of business.
- The Exchange has the ability to develop an administrative override on commissions



BECOMING A BUSINESS ENTITY

- Cost
- BE producer license -\$55
- Renewal - \$55 annually
- Employer Identification Number -\$100
- Individual producer license - \$55
- Filing fee - \$5
- Affiliation fee- \$20 per producer



PRO'S

- Gives Affiliated producers access to all carriers in the Exchange.
- Encourages producers to bring existing clients to the Exchange.
- Protects producers client base.
- Agents have no incentive to recommend one plan over another.
- Oversight over producer/distribution model.
- Allows for production requirements of producers.
- Potential commission override for the Exchange.
- Exchange sets producer affiliation criteria.



PRO'S

- Current governance will apply to BE.
- Support from stakeholders on BE model.
- OIC
- WAHU
- Agent/Broker TAC
- SHOP TAC
- California and Oregon Exchanges



CON'S

- Separate Account and EIN
- Affiliation fees for producers
- OIC regulatory oversight
- Governance
- Carrier loses control of appointment of producers
- Carrier control of commission levels inside and outside the Exchange





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Appendix